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FISCAL IMPACT STATEMENT

LS 6377

BILL NUMBER: HB 1311

NOTE PREPARED: Dec 27, 2008

BILL AMENDED:

SUBJECT: Insurance Coverage for Hearing Aids.

FIRST AUTHOR: Rep. Goodin

FIRST SPONSOR:

BILL STATUS: As Introduced

FUNDS AFFECTED: X **GENERAL**
DEDICATED
FEDERAL

IMPACT: State & Local

Summary of Legislation: This bill requires a state employee health plan, a policy of accident and sickness insurance, and a health maintenance organization contract to provide hearing aid coverage.

Effective Date: July 1, 2009.

Explanation of State Expenditures: As of October 2008, the state enrolled 30,982 state employees in benefit plans from two carriers: Anthem and Wellborn. Providing coverage for hearing aids would result in estimated additional premiums for the two plans of \$809,579.

This increase may not necessarily imply additional budgetary outlays since the state's response to increased health benefit costs may include (1) greater employee cost-sharing in health benefits; (2) reduction or elimination of other health benefits; and (3) passing costs onto workers in the form of lower wage increases than would otherwise occur. It is unknown at this time if the state would cover added costs or pass the costs on to employees.

Background:

Anthem: Anthem reports that to add the coverage would result in a \$2.27 increase per employee per month. As of September 2008, 29,578 state employees were enrolled in an Anthem program. Assuming continued participation at the current rate, adding hearing aid coverage would result in an increase of \$67,142 per month with an annual increase of \$805,704.

Welborn: The Welborn HMO reports an enrollment of 1,404 employees. Assuming continued participation at the current rate, adding hearing aid coverage would result in an increase of \$322 per month with an annual increase of \$3,875.

Explanation of State Revenues:

Explanation of Local Expenditures: Local government groups enrolled in the Local Unit Government Employees (LUG) health plan may experience increased costs. LUG participants have the same benefits as state employees, but are part of a separate risk pool. For 2008, there were 22 local government groups enrolled covering about 105 employees.

In addition, school corporations and local governments purchasing health benefit coverage on their own could incur increased premiums. The specific impact is indeterminable, but would depend on current health care coverage. It is unknown if local units would cover this cost or pass the cost on to employees, as cost sharing of health benefit premiums varies widely by locality.

Explanation of Local Revenues:

State Agencies Affected: All.

Local Agencies Affected: Local governments and school corporations.

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